

CDCI ANNUAL USE OF CAPITAL SURVEY - 2010



NAME OF INSTITUTION

(Include Holding Company Where Applicable)

SECURITY CAPITAL CORPORATION

Point of Contact:	Connie Hawkins	RSSD: (For Bank Holding Companies)	1098509
UST Sequence Number:	1207	Docket Number: (For Thrift Holding Companies)	
CPP/CDCI Funds Received:	17,388	FDIC Certificate Number: (For Depository Institutions)	17120
CPP/CDCI Funds Repaid to Date:		Credit Union Charter Number: (For Credit Unions)	
Date Funded (first funding):	N/A	City:	Batesville
Date Repaid ¹ :	N/A	State:	Mississippi

¹If repayment was incremental, please enter the most recent repayment date.

American taxpayers are quite interested in knowing how banks have used the money that Treasury has invested under the Capital Purchase Program (CPP) and Community Development Capital Initiative (CDCI). To answer that question, Treasury is seeking responses that describe generally how the CPP/CDCI investment has affected the operation of your business. We understand that once received, the cash associated with TARP funding is indistinguishable from other cash sources, unless the funds were segregated, and therefore it may not be feasible to identify precisely how the CPP/CDCI investment was deployed or how many CPP/CDCI dollars were allocated to each use. Nevertheless, we ask you to provide as much information as you can about how you have used the capital Treasury has provided, and how your uses of that capital have changed over time. Treasury will be pairing this survey with a summary of certain balance sheet and other financial data from your institution's regulatory filings, so to the extent you find it helpful to do so, please feel free to refer to your institution's quarterly call reports to illustrate your answers. This is your opportunity to speak to the taxpayers in your own words, which will be posted on our website.

What specific ways did your institution utilize CPP/CDCI capital? Check all that apply and elaborate as appropriate, especially if the uses have shifted over time. Your responses should reflect actions taken over the past year (or for the portion of the year in which CPP/CDCI funds were outstanding).

☐ Increase lending or reduce lending less than otherwise would have occurred.

☐ To the extent the funds supported increased lending, please describe the major type of loans, if possible (residential mortgage loans, commercial mortgage loans, small business loans, etc.).

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☒ **Increase securities purchased (ABS, MBS, etc.).**

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☒ **Make other investments.**

Available funds are invested in short-term investments in order to be available to fund loans when needed.

☒ **Increase reserves for non-performing assets.**

As the level of charged-offs increased, the loan loss provisions were increased to reserve for possible and potential loan defaults. The provisions are determined by an analysis of the loan portfolio which includes consideration of loan impairment and repayment ability to name a few criteria.

☐ **Reduce borrowings.**

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☒ **Increase charge-offs.**

During the period that the funds have been held, the bank subsidiary has experienced a high level of charge-offs annually.

☐ **Purchase another financial institution or purchase assets from another financial institution.**

☐ **Held as non-leveraged increase to total capital.**

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What actions were you able to avoid because of the capital infusion of CPP/CDCI funds?

Reduction of Lending: A key element in banking is maintaining liquidity. In an unpredictable economy and in an period of uncertainty of deposit relationships, these funds have provided a resource for developing new loan accounts, new loan relationships and rekindling old relationships. With having these funds - or having the liquidity, the bank continues to have the opportunity to make loans as loan demand and loan policy dictates.

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What actions were you able to take that you may not have taken without the capital infusion of CPP/CDCI funds?

Maintain Capital Position: Security Capital Corporation received the funds from the Treasury. First Security Bank, the bank subsidiary of Security Capital Corporation, has been and continues to be a well-capitalized institution. The funds were considered as insurance to protect the capital position of the bank in a down spiraling economy. This protection was exemplified by Security Capital Corporation using the funds to purchase non-performing assets from the bank subsidiary and, therefore, make funds available at the bank level to invest in performing assets - such as new loans. Under the guidance of a loan policy - approved by regulators, loans are considered by the bank to be the best investment for the bank. Loans benefit the bank while benefitting the communities in which the bank is located.

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Please describe any other actions that you were able to undertake with the capital infusion of CPP/CDCI funds.